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Permissive Politics and Entrepreneurial Transgression in a Chinese Border Town

Juan Zhang

Abstract

Contemporary experiences of Han Chinese traders in Hekou, a remote town on the China-Vietnam border inform discussion of permissive politics and entrepreneurial transgression at the peripheries of the state. Permissive politics facilitate the transnational movement of goods across national borders in both formal and informal ways. Examination of cross-border smuggling as both an everyday strategy of profit-making and an act of ordinary transgression clarifies the ways in which borderland permissiveness normalizes and even rewards certain unauthorized practices on the part of by traders, vendors, and individuals who undertake entrepreneurial activities.

Keywords: China, Vietnam, borders, border trade, permissiveness, smuggling, transgression.

Do you see the bridge over there? That's the national border, the "first-class border crossing point" (*yiji kou'an*). Those who have passports and official papers go through that border. But there are other passages by the rivers too, and those are the "second-class border crossing points" (*erji kou'an*). Here we take boats. It's very convenient. We know them very well.

— Wen Jiansheng, a pineapple trader and tour guide.¹

While explaining the multiple ways of crossing the China-Vietnam border at the town of Hekou, the Chinese pineapple trader Wen Jiansheng showed me the different crossing points that borderlanders called “first-class” (*yiji*) and “second-class” (*er’ji*). This local classification borrows the official language of the Chinese State Council that recognizes two classes of state-designated trading ports with special permission to engage in transnational trade as part of China’s economic “opening” and reform. The council authorizes and directly controls first-class ports, while provincial governments authorize second-class ports under local management (State Council 1985). In the context of the China-Vietnam border at Hekou, this borrowed language suggests clear local understandings of how national borders take on different forms, fall under different levels of authority and have differing significance. The bridge that connects Hekou to the neighbouring Vietnamese town of Lào Cai has become synonymous with “first-class crossing points” (*yiji kou’an*), reflecting the higher form of authority and control that govern the flow between China and Vietnam there. In contrast, nearby river crossings are “second-class” (*er’ji*); their use is a matter of local practice, and they provide alternative ways of traversing the border that suit borderland conditions and needs. In local terminology, the two classes of border crossing reflect the ingenious adoption of official discourse to legitimize and naturalize what would otherwise be considered “illegal” forms of border crossing by local police and regulatory authorities. More importantly, the existence of the two classes of crossings brings to light the permissive politics that sustain the informal mobility of people and goods across borders in ways that do not challenge state authorities.

Permissive politics have been a subject of enduring interest in scholarship on state power and its relation to borderland practices and livelihood strategies. Studies of

cross-border lives have focused on local resistance to state rules, suggesting that borderland permissiveness is a result of the state's inability to control its margins. Flynn's ethnography (1997) of the Shabe region along the Benin-Nigeria border, for example, examined the ways in which ordinary borderlanders collectively forged a strong sense of "border identity" (Flynn 1997, p. 311) to claim their entitlements and status in transborder trade. Blaming the state for failing to lift them out of poverty, Shabe borderlanders asserted their own authority over the flows of persons and commodities through the region. Passi (1996) also provided an ethnographic account of everyday dynamics at the border between Finland and Russia, where practices carried out by villagers, traders and other actors often challenged the *de jure* international border. While borders remained sites at which state power was manifested, the everyday practices of ordinary people contradicted and defied the meanings of bounded territoriality and power. A more recent account of transborder trade between Mexico and Guatemala has showcased the strategies of ordinary farmers who insist on the right to "free trade" that defies official rules and regulations (Galemba 2012, p. 716). These examples highlight scholars' attention to the contested nature of borders, and suggest that local actors have the agency and capacity to render the state "powerless"—, especially in the context of everyday negotiations of resources and opportunities. To a certain extent, the scholarship has taken borderland permissiveness as a sign of local victory and state defeat.

Studies have also offered an alternative perspective, according to which the state and local actors are not on opposing sides in borderland power negotiations. The exploration of the notions of flows, permeability and porosity, a new conceptual turn towards mobility challenges the territorial image of the boundary-bound state's

monopolizing, or at least attempt to monopolize, the geography of power.² This body of work questions the centrality of the state in the making of borderland spaces.³ It focuses on the more fluid, less predictable quotidian experiences of ordinary people in borderlands and on the ways in which these experiences unsettle the idea of state centrality. Boundaries and flows co-exist, turning the border into a lived space of local strategies and tacit negotiations (Eilenberg and Wadley 2009; Sur and Kalir 2012; van Schendel and de Maaker 2014). In this context, borderland permissiveness indicates localized political manoeuvring in which the state is but one player among many. Dynamic “regimes of permissiveness” generate “zones of licitness” (Kalir, Sur, and van Schendel 2012, p. 19). These zones are not “exceptions or surreptitious hideaways” but rather everyday spaces, in which state agents are “routinely and profitably embedded in wide-ranging networks of informal transnational brokerage” (Kalir, Sur, and van Schendel 2012, p. 19). Borderland permissiveness suggests not so much a lack of reach on the part of the state as its deliberate fashioning of licitness by “turning a blind eye to the numerous infringements of formal rules” (Kalir, Sur, and van Schendel 2012, p. 19). This licitness which makes possible the emergence of a parallel economy essential to borderland livelihoods.

At the China-Vietnam border, the co-existence and legitimacy of everyday movement at “first-class” and “second-class” border crossing points exemplify such licitness. The “first-class” crossing point at Hekou — the bridge — is a solid structure superimposed on the natural terrain. It represents the authority of the state, constantly present and untouchable. On the bridge, traders, peddlers, trucks and tricycles line up for inspection at formal checkpoints. They declare traded goods to the authorities, and travellers’ permits are checked and stamped. Away from the bridge, those who have

intimate local knowledge and are able to exert local authorities use the “second-class” crossing points for illicit activities. Less visible passage is by means of motor- or peddle-boats. These boats are small and flexible, allowing people and goods to get to the other side of the border quickly and quietly. The bridge, like the boats traversing the two rivers that merge at Hekou, illustrates the thriving parallel economy that sustains the livelihoods of many people in the locality. Smuggling, petty corruption, and tax evasion are commonplace in the border zones of licitness. State agents normalize and justify these small transgressions as part of daily life. They have local meaning and relevance, instead of constituting what Donnan and Wilson call the “subversive economy” (Donnan and Wilson 1999, p.88). People at the border take part in the situated practice of “making law” (Endres 2014, p. 611), which continues to redefine local understandings and practices of legality and illegality, transgression and order.

This article discusses the permissive politics at the China-Vietnam border that facilitates both formal and informal transborder movement and gives legitimacy to entrepreneurial transgressions on the part of traders and state actors. Focusing primarily on the Chinese perspective, I describe the contemporary experiences of Han Chinese traders in Hekou and their flexible strategies of doing business at the border. Scholars such as Kirsten Endres (2014 and 2015), Chan Yuk-Wah (2013), and Sarah Turner (, 2013 and 2010) have treated narratives of Vietnamese livelihood strategies and the Vietnamese perspective of borderland transgressions. What is lacking in extant work, in fact, is a specific Chinese perspective on the exercise, facilitation and regulation of Chinese traders’ and state agents’ success in forging partnerships on the basis of a situated understanding of mutual interests. By offering this Chinese perspective, this article examines the process by which Han Chinese traders become permissible subjects

at the border. They are able to use local knowledge and networks to navigate their way through regulations, controls and changing policies and thus to advance their social and economic interests. Local authorities do not consider them dangerous bodies to be controlled, but rather harmless, apolitical subjects that play productive roles in the transnational marketplace. Their everyday transgressions at the border are therefore licit and permissible, constituting a kind of “controlled informality” (Kodoth and Varghese 2012, p. 169).

The article draws on data collected during two periods of fieldwork, in 2007–8 and 2012, in Hekou. I conducted the bulk of the fieldwork in 2007, when I carried out participant observation at Hekou’s markets. I had informal conversations and thirty formal interviews with Han Chinese traders. Most of these traders were in their thirties and forties and not originally from Hekou, They had migrated to the border region in the 1990s and the 2000s for work or business. The majority engaged in “buy and sell” (*maimai*)—dealing in a variety of goods, including clothes, household wares, fashion accessories, seasonal produce, mobile phones, DVDs and books. Many, like Wen Jiansheng, also offered personalized day tours to Lào Cai, including special visits to the casino-hotel, on the other side of the border to their fellow Chinese when there was a lull in business. Our conversations and interviews mainly took place at teahouses and during dinner banquets, when Chinese businessmen hosted their business partners. I also regularly joined five traders when they visited Lào Cai to make business arrangements with their Vietnamese partners. In 2012, I carried out a one-month follow-up field visit to Hekou, where I met up with previous informants and made new contacts. Our conversations revolved around business uncertainties in the aftermath of the global financial crisis of 2008 and in the context of slower economic growth in

China. As economic uncertainties increased, doing business at the border became riskier.⁴ Strategic border crossing became all the more necessary in the local narrative of survival.

The next section of the article presents a brief discussion of the history of trans-regional trade in this borderland. I then describe the various ways in which traders use both formal and informal crossing points as flexible means of traversing the border in pursuit of profits. Through the narratives and experiences of traders, residents, and local state agents, this article aims to show that borderland permissive politics give space and normalcy to both formal and informal transborder movements, and naturalize everyday transgressions. Localized, entrepreneurial interplays of power and strategy are the context for these movements.

The China-Vietnam Border and Trans-Regional Trade

The border town of Hekou is situated at the confluence point of the Red River (*Sông Hồng*) and the Nanxi River (*Sông Nậm Thi*) on the China-Vietnam frontier. These rivers form the international boundaries between the two countries. Their location on these waterways have made the border towns of Hekou and Lào Cai vital hubs along the trade routes for sea salt and spices, horses and cattle for centuries. Everyday goods essential to local livelihoods flowed in and out of the frontier zones. Traders bought and sold prohibited and often highly priced commodities such as opium and weapons along local river and mountain routes (Yan 2002, p. 95). For those who resided in the peripheries of what are now modern nation-states, these waterways were both channels of trans-regional exchange and the principal basis of sustenance. Trade waxed and waned with dynastic and political regime changes. For generations, traders travelled to

evade wars and unrest, and to seek wealth and fortune in the remote peripheries away from central sites of political power. The long histories of territorial and political marginalization of the borderland and of trans-regional circulation have made the frontier a particular zone of economic opportunity.

Land borders separated the realms of pre-modern Chinese and Vietnamese sovereignty, as zones of imperial frontier governance rather than in the form of clearly demarcated boundaries (Zhang and Saxer 2017).⁵ The French colonizers and the Qing rulers demarcated more precise borders in the late nineteenth century based on the general recognition of such zones and the patterns of interaction. They planted border markers in areas that were accessible. This era also marked the period in which more modern forms of transborder trade began to take shape. French explorers surveyed the Red River during and realized that the Hekou could be the gateway to the interior of China. Imperial France began the construction of a railway linking Kunming and Hải Phòng. The Qing dynasty also set up customs offices in Hekou to issue travel passes and permits to merchants, labourers and travellers. With the completion of the railway in 1910, novel items such as pocket watches and nylon stockings appeared in the markets of Kunming. Yunnan started to export tin by rail. The French retained ownership of the railway and collected rent and taxes from companies, tin mines, and tea plantations. The railway bridge at Hekou became the official border crossing point through which trans-border flows of people and goods flowed, and at which authorities controlled them (Yan 2002, p. 94).

In the early twentieth century, its access to both waterways and the railway led merchants from Hong Kong, Hải Phòng and Hà Nội to set up trading companies at this point on the border (Yan 2002, p. 94). Chinese traders from Guangdong and Guangxi

provinces also came to Hekou to explore business opportunities (Yan 2002, p. 94). The historical records of Hekou county documented the thriving business scene at the port of Hekou. “Three hundred large ships and thousands of small boats cruise the Red River every day. The sails at the port gather like clouds in the sky. They come and go like busy ants” (Li 2002, p. 1). The border port gained the reputation of being a “Little Hong Kong” (*Xiao Xianggang*) thanks to the transborder flows of merchants, travellers, and commodities (Li 2002, p. 1).

Apart from tin, tea, and the other licit commodities that passed through this border port, Hekou’s prosperity also depended heavily on flows of lucrative contraband commodities. The Opium Wars of the mid-nineteenth century badly affected China’s vast inland regions. Yet this frontier thrived on new trade opportunities. Opium, banned in most regional centres in China, became highly valuable. It flowed into the country through waterways and trade networks that converged at Hekou in this part of the region. Wealthy traders and landlords who fled the violence of the Opium Wars settled down at China’s periphery, opening stores, brothels, opium dens and gambling halls. Apart from opium, gold, silver, tobacco, and medicine were among the highly profitable contraband goods that moved through this border (Chien 1980; Chiranan Prasertkul 1989, p. 65).

Today the trade networks centred on Hekou and Lào Cai and the towns’ historical linkages with adjacent regions have once again gained prominence, as the remote frontier now connects China and Southeast Asia to the world economy. The state has validated the long history of transborder flows as a distinct local culture and a tradition that legitimize contemporary economic rationalities and national policies promoting “opening up” and regional economic integration. This borderland’s strategic

location —far away from national centres and yet close to trans-regional markets — makes it possible for it to become a particular space of opportunity both more regulated and more freewheeling at the same time, and thus attractive to capital while still within the of control of the ruling authorities (Nyíri 2012, p. 555). The new boom in transborder flows happened immediately after the end of the decade-long border conflicts between China and Vietnam (1979–89). In the late 1980s, China and Vietnam each embarked on projects of economic reform. This period was also when borderlanders began setting up small-scale businesses and undertaking exchanges across the rivers that defined the border near Hekou and Lào Cai. Formal and informal trade, along with other forms of economic activity, began to flourish (Li 2002, p. 1; Chan 2005, p. 218).

Although border trade between China and Vietnam only accounts for a small part of China’s overall economic engagement with Southeast Asia (Tai and Soong 2014, pp. 25-27), that trade has significance as part China’s effort to establish political and economic leadership in the region. The Chinese state uses what Aihwa Ong calls “zoning technologies” to open up China’s borderlands as special economic zones and to attract global capital to them (Ong 2006, p. 97). Border zones have become important parts of various economic corridors, belts and cross-national associations, as the pace of regional cooperation has accelerated. China’s borders have become newly explored social spaces that evoke images of freedom, opportunity and wealth. Caught up in this new social imagination, Chinese have begun to dream about making a fortune in these newly opened zones of contact. A “border trade fever” (*bianmao re*) has taken hold of both newcomers and long-term residents who believe that they can realize their aspirations of personal wealth and success through border trade (Li 2002, p. 1).

Twenty years into the fever, economic activity at the border has grown significantly. In 2016, Hekou's revenue from imports and exports totalled more than 10 billion yuan, or approximately US\$1.4 billion. This figure signalled Hekou's status as one of the top performing towns in Yunnan province in terms of economic success (*Xinhua News* 19 February 2017). Hekou's immigration office recorded over 37 million foreign visitors, and more than 200,000 vehicles passed across the border in 2016. This latter total was the highest among all border entry points in Yunnan province (*Xinhua News* 5 January 2017). Highly valued commodities such as iron ore, fertilizer, timber, motorbikes, cars, heavy machinery, electrical goods, and agricultural products such as flowers, coffee and seasonal fruit are now part of transborder flows at Hekou (Chen roads, two immigration buildings, three border trade markets, and one international logistics centre (*wuliu yuan*)). It has numerous hotels, shops, restaurants and entertainment venues. This once remote border town is now seamlessly integrated into global circuits of people, capital, resources and technologies.

Becoming Borderland Entrepreneurs

The drastic transformation of Hekou mirrored the personal transformations of Chinese traders at the border. The popular Chinese newspaper *Southern Weekly* (*nanfang zhoumo*) featured a story in 2004 on traders from Guangdong who had ridden the tide of “reform and opening” (*gaige kaifang*) in the early 1990s and accumulated fortunes by becoming pioneers in the Sino-Vietnamese border trade (Fu and Ji 2004). It started with a few individuals who bartered and exchanged essential household products with Vietnam. Vietnamese needed products such as cotton cloth, flashlights, electric fans and furniture, and Chinese liked Vietnamese specialties (*techan*) — squid, snakes, bananas

and green-bean cakes. In 1992, after the normalization of Sino-Vietnamese relations, border villages quickly became bustling marketplaces with an influx of traders from Guangdong and Zhejiang provinces (Fu and Ji 2004). One trader, Mr Ma, who began by selling women's underwear to Vietnamese customers, remembered the early days of the Sino-Vietnamese border trade.

At that time [in the early 1990s], the condition [at the border] was terrible — no water, no electricity, and the stores were made with decaying wooden blocks. Countless landmines from the war were still hidden in the surrounding mountains and riverbanks. From time to time, you'd hear news about how people were blown up into pieces. I wanted to quit doing business here but somehow I decided to stick it out. In 1994, I earned my first 10,000 [yuan]. In 1996, 1997, business became more difficult. The living standard in Vietnam was improving and there was a growing demand for low-end electrical appliances. That's when I switched to selling television, VCD players and stereos that were manufactured in Guangdong. (Fu and Ji 2004)

Motivated by his success in the early 1990s, Mr Ma persuaded a dozen fellow businessmen from Chaozhou, his native city in Guangdong, to venture into cross-border trade with Vietnam on a larger scale. They registered a trading company and operated hundreds of "household workshops" (*jiating zuofang*) to assemble electrical appliances and to produce ready-to-wear apparel in Shantou, Guangdong province. Mr Ma and his business partners exported the products through Hekou. By the end of the 1990s, the

annual profits of this business grew to more than one million yuan. Through “specialized channels” (*teshu qudao*), Mr Ma and his business counterparts sold locally assembled electrical appliances not only in Vietnam, but also in other parts of Southeast Asia and as far away as Eastern Europe and America. Mr Ma claimed that the Southeast Asian low-end market was their ultimate target (Fu and Ji 2004).

Similar stories of success are common in Hekou. Despite the humble beginnings of their businesses, many traders were able to transform themselves into entrepreneurs with new social status. One retired Hekou government employee, Xiao Liang shared with me his own experience of the booming border trade in the 1990s. A native of Gejiu city in Yunnan province, Xiao Liang was assigned to the Hekou border in the mid-1980s to do “frontier work” (*bianjiang gongzuo*, fieldnotes, April 2007, Hekou) — a particular term for frontier modernization and security under socialism. Doing business was still officially illegal at the border during that time, he said. However, Hekou and Lào Cai residents took advantage of the local government’s policy of permitting relatives to visit to engage in covert business exchanges. Using the railway bridge as the main point of crossing for such visits, borderlanders would take gifts to their relatives. These gifts included everyday items such as clothes, kitchen ware, vegetables, salted meat, smoked sausages and medicinal ointment. Some in Hekou saw opportunities in these visits and began trading goods in the form of “gift exchange” (*songli*) across the border. Xiao Liang’s acquaintance Lao Wang, a maintenance clerk at the Hekou Farm Hostel, was one of the few who seized this opportunity. Lao Wang came from Yuxi city, the famous centre of tobacco production in Yunnan. Although he did not have any relatives in Lào Cai, he began visiting “relatives” (*qinqi*) across the border and exchanging gift cigarettes for cash and other commodities.⁶

At first, Xiao Liang was very concerned about Lao Wang's practices and worried about the consequences his being caught. In retrospect, he laughs at his former caution and says that he was not made of "business material" (*bushi zuoshengyi de liao*).

When I met Lao Wang at the time of one of their reunions during my fieldwork, I asked him whether he had been afraid of getting caught for engaging in those activities. Lao Wang told me that he did not think it was not dangerous or illegal to do what he had done since it was "permitted" (*yunxu*). "There was so much news about large-scale smuggling at the border", he said, "why would the police catch me and the small [sum of] money that I was making?" "Besides", he added, "I was going through the official way. I was not smuggling cigarettes by boat, right? If you take the official way, they [the customs office] don't suspect anything. You have to take a chance when opportunities are there."⁷

Lao Wang's experience is a telling example of the permissive politics that have obtained at the borderland since the early 1990s. While the Chinese authorities continued to set the norms and to control the border, it became increasingly apparent that the state also encouraged more flexible practices and individual strategies and experiments. By the mid-1990s, the Chinese authorities had lifted their heavy-handed control of the local marketplace and governed only from "afar" (Zhang and Ong 2008, p. 1). The state encouraged ordinary Chinese to take care of themselves in their search for wealth and welfare. Both individuals and local governments had to find ways to support themselves without "relying on the state" (*kao guojia*). A sense of "relying on oneself" (*kao ziji*) and "self-care" (*zizhu*) became vital in the making of a new social

space at the border where both local governments and individuals experimented with what was permissible in the increasingly competitive transborder marketplace.⁸

The borderlanders in Hekou share the understanding that, in order to take care of themselves at the nation's edge, they may exploit grey areas. These grey areas are part of the borderland economic space that the state has carved out and of which it tacitly approves.. Traders in the town believe that they can take advantage of this space of permission whenever possible and occupy strategic positions within it. They are convinced that it is not wrong, for example, to evade certain tax payments, or to cut corners with legal documentation and customs paperwork, if they can find a way. It is also possible to arrange to move highly controlled commodities via the first-class crossing points on the bridge. They insist that they are not trying to walk the line between legality and illegality, and they certainly have no intention of defying state authorities. Instead, they argue that they are simply using local knowledge to gain economic advantage and to ensure that cross-border business operates smoothly.

A Hekou businessman Liu Shan, who ran a small import-export "agency firm" (*daili gongsi*), described the usual way of carrying out cross-border business at first-class crossing points through local middlemen and companies. If a non-local businessperson wanted to import certain commodities from Vietnam or to export commodities to Vietnam, she or he needed to find a local agency firm company first. The firm took delivery of the cargo at the border and found a way to see it through the border crossing and deliver it to the businessperson's partners in Vietnam. The agency firm worked with customs officers, quarantine examiners and tax accountants with whom it had established relationships it was well acquainted with. The accountants managed the accounts, while the customs officers examined the quantity and value of

the cargo. The inspection determined whether the actual cargo matched items on the declaration form and whether it included prohibited items. What happened next was a negotiation. The agency firm company negotiated with the customs office to reduce the taxes and fees owed. For example, in the case of thirty tons of commodities in a truckload, the agency firm might declare only twenty-seven or twenty-eight tons. For a fleet of nine to ten trucks, the tax payments and fees saved were considerable. The agency firm also made sure that the entire transaction went smoothly. If the authorities detected violations, it would ensure that the problem did not become so serious that it would delay or jeopardize the entire business transaction⁹.

Liu Shan said that the agency firm required solid local networks and connections to undertake such activities. This need also explained both why agency firm companies were always locally run and why they were essential in cross-border trade. As the owner of such a firm, he said that it is crucial key to have good friends in the local government, in the immigration and customs offices, and in borderland business circles¹⁰.

Liu Shan's description of the activities of firms like his own offers a glimpse into the world of transborder business carried out on the bridge and made possible by relations among traders, officials, middlemen, various gatekeepers and professional service providers. The agency firms in Hekou mostly make contact and liaise with different authorities and personnel to ensure that their clients, gatekeepers, various parties in business partnerships and they themselves may make reasonable profits on transactions. On average, Liu said, an agency firm made a profit ranging from a few thousand to 20,000 or 30,000 yuan on each business deal, depending on the kinds of commodities that moved across the border and their market price. For him and many

other local businessmen, these transactions were easy and brought good returns.¹¹

Local businesspeople do not consider tax evasion, bribery, gratuities and kickbacks illegal because the smooth operation of any business deal involves certain levels of collaboration with state gatekeepers and government authorities (Endres 2014, p. 611). Moreover, businesspeople and local authorities observe state regulations at the official border to develop local norms and to keep the trade flowing. A retired customs officer who had worked in Hekou Customs told me that, in fact, borderland traders are the most diligent observers of state policies and regulations in transborder trade. He said,

In Hekou, smuggling happens on the bridge too, just like any other business that operates here. We all follow state policies every step of the way.

Smuggling is not a secretive trick that only criminals do. Sometimes as officers, we also understand why this has to be done. For example, if today the government suddenly issues an order to cancel the tax-refund policy on the exportation of cement, all the companies that trade cement will suffer a huge loss just because of the sudden policy change. So they have to figure out a way to cover their losses and still try to make the business profitable. They may reduce the quantity on the declaration form when they clear customs, or just report the goods as “construction materials” rather than cement in order to claim the tax-refund. Sometimes for political reasons, the government may classify certain items such as rare metal as prohibited goods even though these were tradable a few weeks ago. Companies specializing in rare metals are in trouble. That’s why we are sympathetic and understand why businessmen do this. They don’t really have a lot of other options. Here in Hekou, the authorities usually know what is going on.

Unless the government demands that we catch the rule-breakers as a warning, oftentimes we just turn a blind eye to these sorts of violations.¹²

Local traders do not see their evasion of the law as illegal. Rather, they view it as a survival strategy generally permitted by authorities. They often complain that the government's shifting politics and economic policies make cross-border businesses difficult to operate.¹³ Under these circumstances, smuggling seems to be a necessity. I use the term "smuggling" in the way that borderlanders describe their own practices and not in a criminal sense. The Chinese term for "smuggling", *zousi*, literally means to "pass private goods" or to "walk the private way", and it does carry negative connotations and suggest illegality. However, in the context of the borderland, its everyday meaning has been more or less de-stigmatized. This situation is similar to that which MacGaffey describes in her analysis of the economy in the former Zaire, where smuggling constitutes a "second economy", an integral and significant part of the national economy (MacGaffey 1991, p. 43_). Flynn points out that the notion of "smuggling" often fails to represent the ways in which border residents stake their economic claim in transborder trade (Flynn 1997, p. 312_). What is happening in the China-Vietnam borderland resembles the traders' strategies in Indonesia's Riau islands, as described by Michelle Ford and Lenore Lyons.

Decentralisation has allowed locally-based state agents to pass regulations that permit locally licit (socially acceptable) but formally illegal practices, sometimes even in contravention of national laws. ... What we are talking about, therefore, is *not* a gap between the state's understanding of criminal

activity and individuals' understanding of criminal activity ... but rather a situation in which the agents of local state structures act in ways that defy centrally defined notions of legality but conform to the local community's understandings of licitness. (Ford and Lyons 2012, p. 106, emphasis in original)

In Hekou, the flows of goods on the bridge render the boundaries of legality and illegality ambiguous, as state agents and other local actors make and remake local norms. As transborder movements of people and goods continue to shape social relations, borderlanders find themselves constantly navigating between official regulations and private, flexible forms of engagement. A few traders shared with me their belief that the kind of smuggling happening at the border is not against local rules, “It’s not like we are trading guns and arms, drugs or precious gem stones. That would be illegal. We are just trying to cut down some tax payment, or stretch a little more on fruits, cigarettes and fertilizers. This is just making ends meet.”¹⁴

Entrepreneurial Transgression

“Just making ends meet” (*tao shenghuo*) provides the moral grounds for Chinese traders and state agents to legitimize their activities within the borderland regime of permissiveness. It also renders transgressive actions normal, and even essential, daily practice—not to be outlawed, but to be understood as local strategies. I call these actions “entrepreneurial transgression” to reflect the strategic manoeuvring and flexible forging of relationships permitted in the borderland context. Transgressive actions such as smuggling open up new spaces of opportunity for local collaborations and profit-

making without threatening laws and state legitimacy. They are interpreted locally as entrepreneurial and regarded as economic practices without political risks. Those engaged in them carve out unique zones of licitness that sustain borderland economic life.

Apart from the first-class crossing point, borderlanders at Hekou also frequently use two main second-class crossing points. The first crossing is primarily used for transporting people — vendors, workers, tourists — who do not have border resident status and who to cross the border quickly without suffering hassles at the hands of immigration authorities. This crossing offers a route that is useful in meeting everyday needs. The second popular crossing point is located some distance away from town. It is a stretch of dry pebbly riverbank that can be used for docking boats. Since the second crossing offers a bigger docking area than the first, traders use it mainly for transporting goods and commodities. Occasionally, tourists and non-local traders use it, if the police are monitoring the first crossing to conduct their periodic inspections and raids.¹⁵

Local traders told me that they often used the bridge if they were moving metal, cement, machines, plastic wares and other non-perishable commodities.¹⁶ The transaction process on the bridge was usually rather slow; it could take several days for commodities to be checked, valuated, declared and shipped. Traders who dealt with perishable products needed to factor in a few more days for disease control and quarantine. By the time that they made it through clearance procedures, their goods might be damaged or spoilt. The second crossing thus provided an alternative route for a speedy passage.

Traders also use these unofficial crossing points to transport highly regulated goods of great commercial value, such as tobacco, liquor and spirits, rice, cosmetic

products, timber, rare metals, coal, electronic products and other items; it depends what is included in the official list of prohibited items in a particular trade season. For instance, rice trader Wei Fen told me that the second crossing offered an important alternative route for his business.¹⁷ Rice was a highly valued commodity, strictly regulated by both the Chinese and the Vietnamese authorities. Chinese buyers had to obtain official permission and to have an import quota from the Chinese Ministry of Commerce before they could bring Vietnamese rice into China. If a trader failed to obtain this official permission or wished to trade more than her or his quota allowed, she or he could incur a substantial tariff.. To reduce costs, traders therefore turned to boats and second-class border crossings. There was no waiting time, and no need to make tax payments, and the transactions proceeded smoothly as long as traders had connections with the right middlemen and officials.¹⁸

Like most traders, Wei Fen did not think that what he described was illegal. On the contrary, he saw his ability to manoeuvre through the various layers of regulations and to use different means of crossing the border in order to close a business deal as an indication of his entrepreneurial sensibility and capability. Wei Fen insisted that not everyone doing business along the border knows how to make use of the second-class border crossings, or recognized the advantage that these alternative routes offered. It took particular skill to complete transactions using these routes without getting caught, and to avoid trouble if one were unfortunate enough to be caught. Wei Fen gave the example of a fellow businesswoman from Sichuan province who had sought to import rice from Vietnam. Having no close relationships with traders and officials at Hekou, she simply contacted a Vietnamese supplier and made plans to move the rice by boat via the second-class crossing. When Hekou customs authority and the border police became

aware of her plans , they arranged a stakeout for the night of the shipment and eventually confiscated the rice. Not knowing what to do, this Sichuan trader then suggested to the officers that they overlook what she had done in exchange for a bribe. Wei Fen was laughing when he told me about this incident.

This Sichuan trader wants to go by the second crossing without working with a local? She has no experience with border trade. Does she think that this is her own backyard, and that she can cross any time she wants to? This is still our national border. She is not afraid of taking risks, but she has no strategy; and she panics when things don't pan out as planned. That is why she gets caught.¹⁹

Doing business at the borderland requires that a trader be more than just a risk-taker. She or he must know when to do what; have a good grasp of market trends, government policies and networks that she or he mobilize for different purposes; and be resourceful when things do not go as planned. Social connections in particular are a trader's most important asset in the borderland marketplace.²⁰ As competition grows more intense, chances for success become increasingly low. It is common knowledge that "mutual prosperity" (*gongtong fuyu*) benefits everyone in a network of associates, partners and acquaintances. Members of the network share similar goals and desires and have access to crucial resources and connections.

Wei Fen was confident about his own rice trading activities and about using both the official border crossing and the second-class border crossings strategically. Over the years, he had cultivated strong connections with local authorities in Hekou

and established friendships with customs officers, government officials and the police. He had ways of obtaining information from his contacts when planning shipment by means of unofficial crossings. On one occasion, Wei Fen invited me to have dinner with his friends from the customs office. He took me to a Sichuan restaurant twenty minutes before the appointed time for the gathering, and ordered the most expensive dishes on the menu. He explained that, when his friends arrived, the staff of the restaurant could serve the dishes right away.. When the banquet began, Wei Fen introduced me to an officer in his late thirties, Zhong Jun. Officer Zhong told me, “You’ve got the right contact for business in Hekou if you know Wei Fen. He is a “red capitalist” (*hongse zibenjia*) in Hekou, very successful. Old Wei, how many millions do you have by now?”²¹

Later on, when officer Zhong and I were better acquainted, he told me that he never had to eat by himself or to pay for his meals in Hekou. Traders in town wanted to be his friends and to pay his bills. However, Zhong was very careful about the social circle in which he moved. Traders like Wei Fen were good partners because they were “rule-abiding” (*shou guiju*) and practised discretion when they made deals. Traders with more complicated backgrounds, like those with connections with gangs and organized crime, were more troublesome. When officer Zhong described Wei Fen as a “law-abiding” trader, I asked him, “Isn’t it against the law to trade rice using the second crossing, without going through customs?” Zhong replied,

When you went to the crossing point last time, did you notice the building right by the river near the crossing point? That is a branch of our office. Do you think that we don’t know what’s going on at that crossing every night?

At the border, there are two kinds of transgressions — breaking the law (*fanfa*) and violating the rules (*weigui*). For those who break the law because of illegal crossing, our office can confiscate their commodities, fine and arrest them. But for those who only violate the rules, we give them a warning, a fine and let them go. Do you see the difference?²²

Officers working in the Hekou customs office also told me that “combatting smuggling” (*daji zousi*) was not about making arrests. Rather, it was about whom to catch, and when and where the authorities should intervene. They did not usually stand in the way of those who were generally “good citizens” (*liangmin*) in the borderland and just wanted to make money in the cross-border trade. This view was particularly the case if the “good traders” (*laoshi de laoban*) had established relations with local authorities. “After all”, one of the officers said, “the borderland economy is an ‘open’ market economy. If everything is tightly controlled, how would the local economy develop quickly?” Of course, they would approach the smuggling of weapons and drugs a strong hand. After all, “this is still our national border”²³.

Traders often did not try to differentiate between “breaking the law” (*fanfa*) and “violating rules” (*fangui*). They were convinced that the differences were simply part of the local authorities’ scheme of profit-making (*chuangshou*). The pineapple trader Wen Jiansheng told me,

If they [the officers] let everything pass only through the official border crossing, how can they make money for themselves? When they catch those who are not well connected, they can confiscate the commodities and

impose a hefty fine. Afterwards they can sell the commodities to someone else and earn additional income. They are not stupid. They are also doing good business.²⁴

The regime of permissiveness in Hekou allows traders to cross and officials to control the border in an entrepreneurial fashion. Interpersonal connections between various parties and actors play an important role determining what is possible and what is not. The resulting ambiguity has created soft and porous international borders between China and Vietnam. The local authorities tacitly tolerate entrepreneurial transgressions as long as traders partner up with those authorities. The boundaries of legality can be stretched and bent when local actors collaborate with authorities, and when mutual interests are served. The boundaries can be “hardened” when such collaboration collapse and when partnerships break down.

Conclusion

Andrew Walker’s ethnography of trade and regulation in the Upper Mekong borderland notes that global flows now provide a myriad of new opportunities for “profitable regulation” (Walker 1999, p. 111). In the case of Hekou, both local commercial actors and authorities actively engage in this kind of profitable regulation in pursuit of wealth and legitimacy. Traders develop strategies for making deals on the basis of their local knowledge and personal networks. They do not avoid involvement with borderland authorities, but instead use their personalized relations with official gatekeepers to manoeuvre along flexible pathways across borders. State agents are not “robotic agents of a hegemonic state” either (Walker 1999, p. 112). They constitute important parts of

the border trade network and often collaborate with local traders both to pursue both personal gains and to benefit borderland economic flows.

The different points of border crossing constitute interlaced spaces of engagement. The bridge continues to represent the official national border at which the state and state authorities oversee flows of people and goods. Although the formality of the bridge represents the legality of flows across it, actual practices may be flexible and transgressive. The less visible passages by boat are not subversive. Nor do they offer a local form of “resistance” against state regulations and control. The entrepreneurial transgressions taking place at these crossings suggest a need to look at the permissive dynamics that sustain transborder trade. We must take into account local actors’ and authorities’ interactions with one another, as they to seek control and profit from the border itself.

The border between Vietnam and China is lived and negotiated in flexible ways by both state authorities and local agents. Members of the two groups have created the situated rules of engagement that constitute a particular space of opportunity. In this space, private forms of practices are in tacit collaboration with state regulations. These localized practices challenge the conventional understanding that unauthorized flows threaten the legitimacy of national borders. They make clear that borders are, in contrast, constitutive of the dynamic flows of strategy and power in the local social worlds at the margins of nation states.

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¹ Interview with Wen Jiansheng, 3 March 2007, Hekou. With the exception of Hekou itself, names, occupations, designations and specific locations in this article have been changed to ensure informants’ confidentiality.

² See Agnew (2007, p. 398). [PLEASE ADD PAGE NUMBERS]

³ See Sur and Kalir (2012, p. 11). [PLEASE ADD PAGE NUMBERS]

⁴ See also Endres (2015, p. 710). [PLEASE ADD PAGE NUMBERS]

⁵ Various Vietnamese historical records such as the *Nam Bắc Phiên Giới Địa Đồ* (North South Border Map), compiled by King Lý Anh Tông in 1172, and the *Đại Nam Nhất Thống Chí* (Dai Nam Comprehensive Encyclopaedia), compiled in 1882 under the rule of the Nguyễn dynasty, clearly indicate these early forms of border zones.

⁶ Interview with Mr Wang, 12 May 2007, Hekou.

⁷ Interview with Mr Wang, 12 May 2007, Hekou.

⁸ Field notes, 10 May 2007, Hekou.

⁹ Field notes, 30 June 2007, 5 July 2007, 8 July 2007, Hekou.

¹⁰ Field notes, 8 July 2007, Hekou.

¹¹ Field notes, 8 July 2007, Hekou.

¹² Interview with an officer of Hekou Customs, 15 October 2007, Hekou.

¹³ See also Zhang (2017, p. 204). [PLEASE ADD PAGE NUMBERS]

¹⁴ Field notes, 22 October 2007, Hekou.

¹⁵ For the purpose of anonymity, the locations and names of these two crossings are deliberately kept vague. There are quite a number of informal crossing points at various locations along the Red River. A Chinese customs officer told me that these other crossing points were not as frequently used as these two crossings because of rough terrain and the lack of connecting road networks. Field notes, 3 June 2007, Hekou.

[CITATION TO “Field notes, Hekou” AND A DATE NEEDED HERE]

¹⁶ Field notes, 22 October 2007, Hekou.

¹⁷ Field notes, 10 May 2007, Hekou.

¹⁸ Field notes, 10 May 2007, Hekou.

¹⁹ Interview with Wei Fen, 12 May 2007, Hekou.

²⁰ See also Chang (2004, p. 480). [PLEASE ADD PAGE NUMBERS]

²¹ Field notes, 10 May 2007, Hekou.

²² Interview with officer Zhong, 3 June 2007, Hekou.

²³ Field notes, 3 June 2007, Hekou.

²⁴ Interview with Wen Jiansheng, 3 March 2007, Hekou.